



Promoting Accountability of Public Resources

AUDITOR GENERAL'S REPORT

**ON THE FINANCIAL STATEMENT
AUDIT OF COTE D' IVOIRE,
LIBERIA, SIERRA LEONE AND
GUINEA -RURAL ELECTRIFICATION
(CLSG-RE)**

**FOR THE PERIOD JULY 1, 2020-JUNE
30, 2021**

DECEMBER 2021

**P. Garswa Jackson Sr., ACCA, CFIP, CFC
Auditor General, R.L.**



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Mr. Paschal Buckley
Chief Executive Officer (CEO)
Liberia Electricity Corporation
(LEC) Monrovia, Liberia

December 30, 2021

Dear Mr. Buckley:

**RE: AUDITOR GENERAL'S REPORT ON THE FINANCIAL STATEMENT AUDIT OF COTE
D'IVOIRE-LIBERIA-SIERRA LEONE-GUINEA-RURAL ELECTRIFICATION (CLSG-RE)
FOR THE PERIOD ENDED JUNE 30, 2021.**

Opinion

We have audited the financial statements of Cote d'Ivoire-Liberia-Sierra Leone-Guinea -Rural Electrification (CLSG-RE) for the year ended June 30, 2021. These financial statements comprise the Statement of Cash Receipts and Payments, Statement of Comparison of Budget and Actual Amounts for the fiscal year then ended and summary of significant accounting policies and other explanatory information.

In our opinion the accompanying financial statements of CLSG-RE (Project ID: P-Z1-F00-057) present fairly in all material respects, the Statement of Receipts and Payments as at June 30, 2021, Statement of Comparison of Budget and Actual Amounts and a summary of other accounting policies and other explanatory notes for the fiscal period then ended in accordance with International Public Sector Accounting Standards (IPSAS) Cash Basis of Accounting.

Basis for Opinion

We conducted our audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements Section of our report. We are independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the African Development Bank guideline and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS Cash Basis, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing its ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so. The CLSG-RE Management is responsible for overseeing the Project's financial reporting process.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.


**P. Garswa Jackson Sr. ACCA, CFIP, CFC
Auditor General, R. L.**

Monrovia, Liberia

December 2021

STATEMENT OF RESPONSIBILITIES

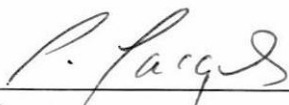
The Financial Statements as set out on pages 6 to 10 have been prepared in accordance with the provisions of the Public Financial Management Act of 2009 and in compliance with the Cash Basis International Public Sector Accounting Standards (Cash IPSAS), adopted by the Government of Liberia.

In accordance with the provisions of the Public Financial Management (PFM) Act of 2009, I am responsible for the control of and accounting for public funds received, held, and expended for and on behalf of the CLSG.

Under the provisions of the same Act, I am required to prepare financial statements of the CLSG to be submitted to the President, Minister of Finance and Development Planning and the Auditor General two months after the end of the financial year to which it relates. However, I have delegated the preparation of the unaudited Final Account to the Chief Financial Officer for my transmittal to the Minister, as provided in the attendant Regulations of the Public Financial Management Act of 2009. Accordingly, I am pleased to submit the required Annual Account of the CLSG in compliance with the PFM Act and its attendant Regulations. I have provided, and will continue to provide, all the information and explanations as may be required in connection with the financial statements presented therein.

In preparing these Financial Statements, the most appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgment and estimates. To the best of my knowledge and belief, these Financial Statements agree with the books of accounts, which have been properly kept.

I accept responsibility for the integrity of these financial statements, the financial information they contain and their compliance with the provisions of the Public Financial Management (PFM) Act of 2009.



Philip Jacques

Acting Chief Financial Officer (CEO)

Date: 31-12-21

OVERVIEW OF THE CLSG-RE PROJECT

To address the constraints facing the Electricity Sub-Sectors within the ECOWAS region, member states decided to harmonize their policies on the basis the Energy protocol defining the legal framework for regional cooperation on energy. In this context, the west African Power Pool (WAPP) was established as an ECOWAS cooperation mechanism for pooling resources with the view of integrating the operation of the national electricity power grids of member states into a unified regional market. The Cote d'Ivoire, Liberia, Sierra Leone and Guinea (CLSG) redevelopment was established as one of the sub-programs under the WAPP's five (5) priority projects.

The Government of Liberia also adopted a National Energy Policy (NEP) in 2009 as a single project under the aegis of the WAPP Secretariat and through the WAPP joint implementation committee as established by the four governments. The four National Electricity Companies for each CLSG member country was selected as the executing agency for the Rural Electrification Component.

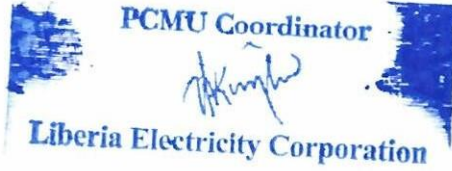
On November 26, 2013, the AFDB agreed with the Government of Liberia to finance CLSG-RE Component of Liberia under the WAPP rural electrification program. The Financing Agreement became effective in 2016 after the Government of Liberia certified the conditions for effectiveness and entry in force of the Financing Agreement. First disbursement was made in July 2016.

The project appraisal calls for a three-year period from January 2016 to December 2019, however, due to unforeseen delays and bureaucracies from both the funders and the GOL, the project began in the last quarter of 2017. It should also be noted that there have been about three (3) successive change of administration at the LEC between December 2016 (When the Management contract between GOL and Manitoba Hydro ended) and January 2018. These changes, coupled with the overall transition at the national level and the signing of a new Management contract with ESBI since January 2018 till now, have impacted the project schedule. The PIU has furnished a revised implementation schedule from November 2017 to December 2021 and has been approved African Development Bank.

The Project Coordination & Management Unit (PCMU) of the Liberia Electricity Corporation has been given the responsibility of implementing the project. The PIU is headed by a Project Coordinator who reports to the overall LEC Executive Director for Projects & Planning and the African Development Bank. In collaboration with the Project Coordinator, the PCMU has other LEC staff dedicated to the project as follows, Sr. Electrical Engineer, a Project Engineer (Civil) a Procurement Officer, Administrative/Finance officer, a Project Accountant, Procurement Officer and two drivers. The PIU Human Resource capacity has been boosted by the addition of a Procurement Expert, Financial Management Specialist for Donor Funded Projects, Finance Officer for Donor Funded Projects, and Two Procurement Assistants. The PCMU manages the project scope, schedule and budget as enshrined in the Project Appraisal Document (PAD) and approved by the AFDB. The PCMU has established the administrative and financial protocols for the project operation which includes a Project Implementation Manual (PIM) and Financial Procedure Manual.

Objective

The project aims at electrifying communities situated along the power lines, building the capacities of the project executing agencies, and conducting feasibility studies for hydroelectric power stations. Public institutions such as health centers within communities along the power line will also be supplied by the power.



Henry Kimber
Project Coordinator (CLSG-RE)/LEC

Date: 12/31/21

A handwritten signature in black ink, appearing to read "P. Jacques".

Philip Jacques
Chief Financial Officer (CLSG-RE)/LEC

Date: 31-12-21

STATEMENTS OF CASH RECEIPTS AND PAYMENTS
For the period ended June 30, 2021

	FY2019/2020	FY2020/2021		
		Notes	Controlled by Entity US\$	Controlled by Entity US\$
Receipts				
AFDB- Credit:	2		281,622.50	256,065.75
Total Receipts			281,622.50	256,065.75
Payments				
Consultancy Training Works	3		148,773.38	147,845.78
Operating Costs	4		114,660.36	103,076.38
Fixed Asset			-	
Total payments			263,433.74	250,922.16
Net Increase/Decrease			18,188.76	- 5,143.59
Cash at Beginning of the year July 1, 2020	5		74,960.72	- 69,817.13
Cash at the end of year June 30, 2021			93,149.48	74,960.72

The notes on page 11 to 14 are integral part of these financial statements

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT
For the Period Ended June 30, 2021

ACCOUNT TITLE /DESCRIPTION	Note	Approved Final Budget US\$	Actual US\$	Difference: Final Budget and Actual US\$	Percentage Variance by %
Cash Inflow					
	6	5,792,650.00	3,471,816.30	2,320,833.70	40%
ADB Funds					
Other Receipts		0.00	0.00	0.00	0%
Total Receipts	6	<u>5,792,650.00</u>	<u>3,471,816.30</u>	<u>2,320,833.70</u>	40%
Cash Outflows					
	6	911,360.00	148,773.38	762,586.62	84%
Service					
Works	6	4,785,290.00	3,190,193.80	1,595,096.20	33%
Goods		0	0	0	0%
Operational costs	6	96,000.00	114,660.36	-18,660.36	-19%
Total Expenditure		<u>5,792,650.00</u>	<u>3,453,627.54</u>	<u>2,339,022.46</u>	40%
Net Cash flows		<u>0</u>	<u>18,188.76</u>	<u>-18,188.76</u>	

The notes on page 11 to 14 are integral part of these financial statements

**STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021**

Cash/Bank Account Details	Notes	As at 30 June 2021	As at 30 June 2020
ASSETS DEPLOYED			
		US \$	US \$
Current Assets			
AfDB-CLSG-RE Loan Account	5	93,149.48	74,960.72
Total Cash and bank balance		<u>93,149.48</u>	<u>74,960.72</u>

The notes on page 11 to 14 are integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. General Information and Accounting Policies

The principal addresses of the reporting entities: Liberia Electricity Corporation (LEC) Water Street, Monrovia, Liberia with the Project Office situated at the Bushrod Island Compound of the Liberia Electricity Corporation.

Liberia Electricity Corporation (LEC) was established by an Act of Liberia National Legislature on July 12, 1973 as a Public Corporation solely owned by the Government of Liberia (GoL) with a mandate to produce and supply affordable and reliable electric power to the entire nation.

The Cote d'Ivoire, Liberia, Sierra Leone and Guinea (CLSG-RE) is an African Development Bank (AFDB) funded project managed by the Project implementation Unit (PIU) of the LEC

To address the constraints facing the Electricity Sub-Sectors within the ECOWAS region, member states decided to harmonize their policies on the basis the Energy protocol defining the legal framework for regional cooperation on energy. In this context, the west African Power Pool (WAPP) was established as an ECOWAS cooperation mechanism for pooling resources with the view of integrating the operation of the national electricity power grids of member states into a unified regional market. The Cote d'Ivoire, Liberia, Sierra Leone and Guinea (CLSG) redevelopment was established as one of the sub-programs under the WAPP's five (5) priority projects.

The Government of Liberia also adopted a National Energy Policy (NEP) in 2009 as a single project under the aegis of the WAPP Secretariat and through the WAPP joint implementation committee as established by the four governments. The four National Electricity Companies for each CLSG member country was selected as the executing agency for the Rural Electrification Component.

On November 26, 2013, the AFDB agreed with the Government of Liberia to finance CLSG-RE Component of Liberia under the WAPP rural electrification program. The Financing Agreement became effective in 2016 after the Government of Liberia certified the conditions for effectiveness and entry in force of the Financing Agreement. First disbursement was made in July 2016.

The project appraisal calls for a three-year period from January 2016 to December 2019, however, due to unforeseen delays and bureaucracies from both the funders and the GOL, the project began in the last quarter of 2017. It should also be noted that there have been about three (3) successive change of administration at the LEC between December 2016 (When the Management contract between GOL and Manitoba Hydro ended) and January 2018. These changes, coupled with the overall transition at the national level and the signing of a new Management contract with ESBI since January 2018 till now, have impacted the project schedule. The PIU has furnished a revised implementation schedule from November 2017 to December 2021 and has been approved by the African Development Bank.

Basis of Preparation

These financial statements have been prepared in accordance with the requirements of the Public Financial Management Act, 2009 and comply with the International Public Sector Accounting Standard (IPSAS) Cash Basis.

Reporting Entity

The financial statements are for the Cote d'Ivoire-Liberia-Sierra Leone-Guinea -Rural Electrification (CLSG-RE) being implemented by the Liberia Electricity Corporation

Reporting Currency and Translation of Foreign Currencies

(i) Functional and Presentation Currency

The functional currencies are the Liberian Dollar and the United States Dollar and the reporting currency is the United States Dollar. Items included in the financial statements are measured in the currency of the primary economic environment in which the entity operates.

(ii) Translation of Transactions in Foreign Currency

Foreign currency transactions are translated into United States Dollar using the exchange rates circulated by the Central Bank of Liberia (CBL).

Reporting Period

The reporting period for these financial statements is July1, 2020 to June 30, 2021.

Payment by external third parties

There were payments by the African Development Bank (AFDB) directly to Contractors: Income Electrix in the total amount of US\$3,190,193.80. in the prior year, the AFDB also made direct payments of 46,660 to Parker and Associates.

Third Party payments to Consultants by AFDB		
Consultants	2020/2021	2019/2020
Parker and Associates (Local)		46,660
Income Electrix (Foreign)	3,190,193.80	
Notes to the account		
2. AFDB Credit	FY 2020/2021	FY 2019/2020
AFDB Replenishment	281,622.50	235,400.75
Consultancy		
3.		
International consultancy	145,773.38	147,845.78
Local consultancy	3,000.00	
Total	148,773.38	147,845.78
Fixed Assets		

4. Operation cost

Project Management	114,660.36	103,076.38
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5. Bank and Cash Balance

Opening Cash and Bank Balances	74,960.72	69,817.13
Closing Cash and Bank Balances	93,149.48	74,950.72

6. Budget Variance Narration

The Annual Budget performance achieved 60% of the planned disbursement for this fiscal year. Our overall planned spending was US\$5,867,610.72 but actual result of USD 3,453,627.54 representing 60%.

Beyond the general impact of COVID-19 that seriously affected physical work due to general restrictions, there are some notable reasons for the 40% under achievement of the budgeted revenue.

Non-recruitment of supervision Engineer and works contract performance:

At the time of the budget preparation, we also expected the hiring of a supervision Engineer (firm) to supervise the work contract. This was not implemented. Therefore, the planned disbursement under services was not achieved.

Additionally, a lot was not achieved under works. Beyond the direct advance payment of US\$3.19M, we expended additional payments to the contractor for design and supplies. This was not achieved.

Adverse variance of US\$18,660.36:

Mid way in the implementation of the annual budget, four (4) additional staffs were approved to be paid top up allowances. These were not budgeted at the start of the year.